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SRAM, LLC v. HUAN SCHEN SDN BHD

COURT OF APPEAL, PUTRAJAYA
ABANG ISKANDAR JCA
BADARIAH SAHAMID JCA
MARY LIM JCA
B [CIVIL APPEAL NO: W-02(IPCV)(A)-1080-06-2016]
19 JUNE 2019

INTELLECTUAL PROPERTY: *Trade marks – Expungement – Plaintiff sought to expunge defendant's trade mark – Whether plaintiff proved to be first user and*
C *common law proprietor of trade marks – Defendant's trade mark featured in international sports events – Whether plaintiff attempted to obtain benefit of defendant's reputation – Whether reputation and goodwill can be acquired outside Malaysia – Whether cessation of use of plaintiff's trade mark for more than seven years negated application – Whether registration of trade mark more than seven*
D *years raised protection under s. 37 of Trade Marks Act 1976 – Whether use of goods caused confusion – Whether application ought to be allowed – Trade Marks Act 1976, ss. 10, 14, 36, 45(1)(a)*

INTELLECTUAL PROPERTY: *Trade marks – Registration – Plaintiff sought to expunge defendant's trade mark – Defendant's trade mark registered for more than*
E *seven years – Whether raised protection under s. 37 of Trade Marks Act 1976 – Whether plaintiff proved to be first user and common law proprietor of trade marks – Defendant's trade mark featured in international sports events – Whether plaintiff attempted to obtain benefit of defendant's reputation – Whether use of goods caused confusion – Whether application ought to be allowed – Trade Marks Act 1976,*
F *ss. 10, 14, 36, 45(1)(a)*

The plaintiff, a local company incorporated in 1995, had been in the business of distribution and selling of bicycles, bicycle parts and accessories and the defendant, a company incorporated in the United States of America ('USA') in 1987, manufactured bicycles, bicycle parts and accessories under the trade
G marks 'SRAM', 'SRAM RIVAL' and their variations. On 26 December 2003, the plaintiff applied for registration of the plaintiff's trade mark for goods in class 12. The defendant opposed the application on grounds that the plaintiff's trade mark was deceptively similar to the defendant's 'SRAM' marks and was likely to confuse people. The Registrar dismissed the
H defendant's opposition, *inter alia*, on grounds that: (i) the defendant had failed to establish the use of its trade marks in Malaysia before 26 December 2003; (ii) the plaintiff was the first user of the plaintiff's trade mark in Malaysia; and (iii) the plaintiff's trade mark was distinctive of the plaintiff's goods under s. 10 of the Trade Marks Act 1976 ('TMA'). Consequently, the
I plaintiff's trade mark was registered. The defendant's appeal against the decision was struck out. By December 2015, the Registrar had registered all

five trade marks carrying the trade name 'SRAM' for class 12 goods. Four of them were in the name of the defendant and one in the name of the plaintiff. The defendant had unsuccessfully opposed the registration of the plaintiff's mark. The plaintiff, however, did not oppose the registration of the defendant's marks. On 30 December 2015, the plaintiff filed an originating summons ('OS') under s. 45(1)(a) of the TMA to expunge five trade marks registered in the Register of Trade Marks in the name of the defendant. The Judicial Commissioner ('JC') allowed the plaintiff's OS. Hence, the defendant's appeal. The primary issue in this appeal was whether the JC had erred in his decision to expunge the trade marks of the defendant and whether, in doing so, the JC had given due recognition to the protection afforded by the TMA.

Held (allowing appeal with costs; setting aside decision of High Court)
Per Badariah Sahamid JCA delivering the judgment of the court:

(1) The plaintiff was an 'aggrieved person' pursuant to s. 45(1)(a) of the TMA. However, while the plaintiff had the necessary *locus* to make the application, the plaintiff had not discharged the burden of proving that the plaintiff was the first user and common law proprietor of the trade marks in question. Neither had the plaintiff satisfied the requirements laid down in the relevant sections of the TMA to entitle him to expunge four of the defendant's five registered trade marks. (paras 37 & 38)

(2) The trade mark 'SRAM' was created by the defendant in the USA in 1987 from the acronym of the three founders of the company. Therefore, it was a personalised trade name as opposed to a common generic term which could belong to anyone and to which no person could claim to have a proprietary right over. Further, the trade mark 'SRAM' had been featured in international sports events and had thus attained worldwide reputation. In contrast, there was no explanation as to how the plaintiff had arrived at the name SRAM. In the circumstances, it would not be an unreasonable view that the plaintiff had attempted to obtain the benefit of the defendant's worldwide reputation. (paras 39, 40 & 42)

(3) The courts have recognised that reputation or goodwill can be acquired outside Malaysia. The JC had erred in not giving due weight to the widely used marks of the defendant in international sports events as well as the fact that such events were broadcasted in Malaysia and thus, the defendant's trade mark would have been publicised to the Malaysian public. In addition, the TMA was amended by addition of s. 14(2) which gave recognition to well-known marks through the adoption of Article 6 Bis of the Paris Convention and Article 16 of TRIPS. As a result of the amendment, the concept of 'user' is no longer restricted territorially. The proprietor of a well-known mark need not carry on business or possess any goodwill within the local territory. (paras 44-47)

(4) In order to entitle the plaintiff to expunge the defendant's trade marks, the plaintiff must also satisfy the requirements of ss. 14, 36, 37 and 45 of the TMA. While the sections had been referred to in the grounds of the judgment, the JC had not given sufficient weight to the sections, which stipulated a measure of protection to registered trademarks. Further, the plaintiff's action to expunge the defendant's trade marks, more than seven years after the registration of the defendant's trade marks raised the issue of *bona fides* of the plaintiff's application and presumptions of the validity of the plaintiff's trade mark under the TMA. (paras 49 & 51)

(5) The registration of a trade mark is *prima facie* evidence of the validity of the original registration. Out of the four marks expunged, two of the defendant's trade marks had been registered for at least seven years, which would invoke the protection of s. 37 of the TMA. On the other hand, the plaintiff admitted that from 2007 to 2015, the plaintiff had ceased using his trade mark, in view of the defendant's opposition. The cessation of the plaintiff's use of the trade mark was more than seven years and there was no evidence that the plaintiff had taken any steps to preserve its goodwill during the seven years. (paras 52, 53, 66 & 68)

(6) The JC had determined that the defendant's goods were similar to the plaintiff on a visual inspection of the common trade mark 'SRAM', the similarity in terms of the description and phonetics as well as users and suppliers of the goods, to prove that the use of the respondent's goods in the Malaysian market would cause confusion to the Malaysian market. However, there was no evidence of the use of the plaintiff's goods at the material time or any evidence that such use had caused confusion to a significant number of the Malaysian market. (para 60)

(7) The JC erred in his acceptance of 'contemporaneous evidence' in the form of the plaintiff's invoice dated 2 January 2002 and the plaintiff's registration of its trade mark of the same date, when the date, as required by ss. 14 and 45 of the TMA, is the date of the original registration of the defendant's trade marks, from 2005 to 2009. There was no evidence of the plaintiff's goods in the Malaysian market during the period of the registration of the defendant's trade marks from 2005 to 2009. Thus, there was no evidence of the use of the plaintiff's goods and the plaintiff's trade mark in respect of the goods of the plaintiff on the market in order to determine whether such goods were identical to or closely resembled the trade marks of the defendant. The plaintiff also made no opposition to the defendant's registration of the first to the fourth of the defendant's trade marks pursuant to s. 28(1) of the TMA and reg. 37(a) of the Trade Marks Regulations 1997. (paras 63-65)

***Bahasa Malaysia** Headnotes*

Plaintif, sebuah syarikat tempatan yang ditubuhkan pada 1995, menjalankan perniagaan mengedar dan menjual basikal, bahagian-bahagian dan aksesori basikal dan defendan, sebuah syarikat yang ditubuhkan di Amerika Syarikat ('AS') pada 1987, mengilang basikal, bahagian-bahagian dan aksesori basikal bawah cap dagangan 'SRAM', 'SRAM RIVAL' dan variasinya. Pada 26 Disember 2003, plaintif memohon mendaftar cap dagangan plaintif untuk barangan dalam kelas 12. Defendan membantah permohonan tersebut atas alasan cap dagangan plaintif secara mengelirukan serupa dengan cap 'SRAM' defendan dan berkemungkinan mengelirukan. Pendaftar menolak bantahan defendan, antara lain, atas alasan: (i) defendan gagal membuktikan kegunaan cap dagangannya di Malaysia sebelum 26 Disember 2003; (ii) plaintif adalah pengguna pertama cap dagangan plaintif di Malaysia; dan (iii) cap dagangan plaintif tersendiri berkaitan barangan plaintif bawah s. 10 Akta Cap Dagangan 1976 ('Akta'). Dengan itu, cap dagang plaintif didaftarkan. Rayuan defendan terhadap keputusan tersebut dibatalkan. Sebelum Disember 2015, Pendaftar telah mendaftar kesemua lima cap dagangan yang menggunakan nama 'SRAM' untuk barangan kelas 12. Empat daripadanya dalam nama defendan dan satu dalam nama plaintif. Defendan gagal membantah pendaftaran cap plaintif. Plaintif, walau bagaimanapun, tidak membantah cap defendan. Pada 30 Disember 2015, plaintif memfailkan saman pemula ('SP') bawah s. 45(1)(a) Akta untuk membatalkan lima cap dagangan yang didaftarkan dalam Daftar Cap Dagangan dalam nama defendan. Pesuruhjaya Kehakiman ('PK') membenarkan SP plaintif. Oleh itu, rayuan defendan ini. Isu utama dalam rayuan ini adalah sama ada PK terkhilaf dalam keputusannya membatalkan cap dagangan defendan dan sama ada, dengan berbuat demikian, PK memberi pengiktirafan sewajarnya terhadap perlindungan yang diberi bawah Akta.

Diputuskan (membenarkan rayuan dengan kos; mengetepikan keputusan Mahkamah Tinggi)

Oleh Badariah Sahamid HMR menyampaikan penghakiman mahkamah:

(1) Plaintif adalah 'orang yang terkilan' menurut s. 45(1)(a) Akta. Walau bagaimanapun, sementara plaintif mempunyai *locus* membuat permohonan, plaintif tidak melepaskan beban membuktikan bahawa plaintif adalah pengguna pertama dan pemilik common law cap dagangan yang dipersoalkan. Plaintif juga tidak memenuhi keperluan yang dinyatakan dalam seksyen-seksyen relevan Akta untuk memberi hak membatalkan empat daripada lima cap dagangan berdaftar defendan.

(2) Cap dagangan 'SRAM' dibentuk defendan di AS pada 1987 daripada akronim tiga pengasas syarikat tersebut. Oleh itu, ini adalah nama dagangan peribadi berbanding terma generik biasa milik siapa-siapa sahaja dan tiada seorang pun boleh menuntut hak terhadapnya. Selanjutnya, cap dagangan 'SRAM' dipaparkan dalam acara sukan antarabangsa dan dengan itu, mencapai reputasi di serata dunia.

A Sebaliknya, tiada penjelasan bagaimana plaintif mendapat nama SRAM. Dalam hal keadaan tersebut, adalah munasabah untuk berpendapat bahawa plaintif mencuba memperoleh faedah daripada reputasi defendan di serata dunia.

(3) Mahkamah mengiktiraf bahawa reputasi dan nama baik boleh diperoleh B di luar Malaysia. Pesuruhjaya Kehakiman terkhilaf apabila tidak memberi pertimbangan sewajarnya pada cap defendan yang digunakan secara meluas dalam acara sukan antarabangsa serta fakta bahawa acara-acara sedemikian disiarkan di Malaysia dan oleh itu, cap dagangan defendan mungkin disiarkan kepada masyarakat Malaysia. Tambahan C lagi, Akta dipinda dengan menambah s. 14(2) yang memberi pengiktirafan pada cap-cap yang diketahui dengan baik dengan penerimaan Artikel 6 Bis Paris Convention dan Artikel 16 TRIPS. Akibat pindaan itu, konsep 'pengguna' tidak lagi terhad terhadap sesebuah wilayah. Pemilik cap yang dikenali tidak perlu menjalankan D perniagaan atau mempunyai nama baik dalam wilayah tempatan.

(4) Untuk memberi hak kepada plaintif membatalkan cap dagangan defendan, plaintif juga perlu memenuhi keperluan ss. 14, 36, 37 dan 45 Akta. Walaupun seksyen-seksyen itu telah dirujuk dalam alasan penghakiman, PK tidak mempertimbangkan secukupnya seksyen- E seksyen tersebut, yang menyatakan cara perlindungan pada cap dagangan berdaftar. Selanjutnya, tindakan plaintif untuk membatalkan cap dagangan defendan lebih tujuh tahun selepas pendaftaran cap dagangan defendan, membangkitkan isu *bona fide* permohonan plaintif dan anggapan keesahan cap dagangan plaintif bawah Akta.

F **(5)** Pendaftaran cap dagangan adalah keterangan *prima facie* keesahan pendaftaran asal. Daripada empat cap yang dibatalkan, dua cap dagangan defendan telah didaftarkan sekurang-kurangnya untuk tujuh tahun, yang akan membangkitkan perlindungan s. 37 Akta. Sebaliknya, plaintif mengakui bahawa dari 2007 hingga 2015, plaintif berhenti menggunakan G cap dagangannya, berdasarkan bantahan defendan. Pemberhentian penggunaan cap dagangan plaintif melebihi tujuh tahun dan tiada keterangan bahawa plaintif mengambil apa-apa langkah memelihara nama baiknya dalam tempoh tujuh tahun tersebut.

(6) Pesuruhjaya Kehakiman memutuskan bahawa barangan defendan serupa H dengan plaintif berdasarkan pemeriksaan visual biasa cap dagangan 'SRAM', keserupaan dari segi deskripsi dan fonetik serta pengguna-pengguna dan pembekal-pembekal barangan tersebut, untuk membuktikan penggunaan barangan responden dalam pasaran Malaysia akan mengakibatkan kekeliruan dalam pasaran Malaysia. Walau I bagaimanapun, tiada keterangan tentang penggunaan barangan plaintif pada masa material atau apa-apa keterangan bahawa kegunaan sedemikian mengakibatkan kekeliruan pada sebahagian besar pasaran Malaysia.

(7) Pesuruhjaya Kehakiman terkhilaf apabila menerima 'keterangan semasa' dalam bentuk invois plaintif bertarikh 2 Januari 2002 dan pendaftaran cap dagangan plaintif pada tarikh sama, apabila tarikh yang diperlukan bawah ss. 14 dan 45 Akta, adalah tarikh pendaftaran asal cap dagangan defendan, dari 2005 hingga 2009. Tiada keterangan tentang barangan plaintif dalam pasaran Malaysia semasa tempoh pendaftaran cap dagangan defendan dari 2005 hingga 2009. Oleh itu, tiada keterangan tentang kegunaan barangan plaintif dan cap dagangan plaintif berkaitan dengan barangan plaintif dalam pasaran untuk menentukan sama ada barangan itu serupa atau hampir sama dengan cap dagangan defendan. Plaintif juga tidak membantah pendaftaran defendan untuk cap dagangan defendan yang pertama hingga keempat menurut s. 28(1) Akta dan peraturan 37(a) Peraturan-peraturan Cap Dagangan 1997.

Case(s) referred to:

Ad-Lib Club Ltd v. Granville [1971] 2 All ER 300 ***(refd)***

Ho Tack Sien & Ors v. Rotta Research Laboratorium SPA & Anor; Registrar of Trade Marks (Intervener) & Another Appeal [2015] 4 CLJ 20 FC ***(refd)***

Industria De Diseno Textil, SA v. Edition Concept Sdn Bhd [2005] 2 CLJ 357 HC ***(refd)***

Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 CA ***(refd)***

McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC ***(refd)***

Meidi (M) Sdn Bhd v. Meidi-ya Co Ltd, Japan & Anor [2008] 1 CLJ 46 CA ***(refd)***

Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party) [2015] 9 CLJ 125 FC ***(refd)***

Special Effects Ltd v. L'Oreal SA [2007] RPC 15 ***(refd)***

Walton International Ltd v. Yong Teng Hing; Pendaftar Cap Dagangan, Malaysia (Interested Party) [2010] 8 CLJ 802 CA ***(refd)***

Yong Teng Hing B/S Hong Kong Trading Co & Anor v. Walton International Ltd [2012] 6 CLJ 337 FC ***(refd)***

Yong Teng Hing v. Walton International Ltd [2012] 6 MLJ 209 ***(refd)***

Legislation referred to:

Evidence Act 1950, ss. 101(1), 102

Rules of Court 2012, O. 28 r. 7(1)

Trade Marks Act 1976, ss. 3(2)(b), 10, 14(1)(a), (d), (e), (2), 25(1), 28(1), 36, 37(a), (b), (c), 45(1)(a)

Trade Marks Regulations 1997, reg. 37(a)

For the appellant - Cyrus Das & Nor Athirah Khairol Anuar; M/s Miranda & Samuel
For the respondent - Ong Boo Seng & Kwok Tat Wai; M/s Zaid Ibrahim

[Editor's note: For the High Court judgment, please see Huan Schen Sdn Bhd v. SRAM, LLC [2016] 1 LNS 898 (overruled).]

Reported by S Barathi

A

JUDGMENT

Badariah Sahamid JCA:

Introduction

B **[1]** This is an appeal against the decision of the learned Judicial Commissioner ('JC') dated 4 May 2016, who ordered the defendant's SRAM marks under Registration Nos. 05016151, 07017014, 09012790 and 09003528 in class 12 ('defendant's SRAM marks') to be expunged and removed from the Register.

C **[2]** For ease of reference, parties will be referred to as they were in proceedings before the High Court.

Salient Facts

[3] The plaintiff, Huan Schen Sdn Bhd is a local company which was incorporated in 1995. The plaintiff has been in the business of distribution D and selling of bicycles, bicycle parts and accessories.

[4] The defendant, SRAM LLC a company incorporated in the United States of America (USA) in 1987, manufactures bicycles and bicycle parts and accessories under the trade marks, "SRAM", "SRAM RIVAL" and their variations.

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[5] It was not disputed that the trade mark "SRAM" was created by the defendant in the United States in 1987. The trade mark "SRAM" was created from the acronym of the three founders of the company: Scott, Ray and Sam.

[6] It was averred in the defendant's affidavit that the defendant's goods F and the defendant's five trade marks had been featured in international events, including the Seoul Summer Olympic Games in 1988, the Atlanta Summer Olympic Games in 1996 and the Sydney Summer Olympic Games in 2000. The abovementioned Olympic Games were telecasted globally and broadcasted in Malaysia *via* local television channels like Radio Television G Malaysia, Sistem Televisyen Malaysia Bhd and Astro.

[7] On 26 December 2003, the plaintiff had applied for registration of the plaintiff's trade mark for goods in class 12 (bicycles, bicycle parts and accessories). The defendant had opposed the plaintiff's application on the grounds that the plaintiff's trade mark was deceptively similar to the H defendant's "SRAM" marks and was likely to confuse the public.

[8] The Registrar had dismissed the defendant's opposition *inter alia* on the grounds that:

(i) the defendant had failed to establish the use of its trade marks in I Malaysia before 26 December 2003 (the date of the plaintiff's application);

(ii) the plaintiff was the first user of the plaintiff's trade mark in Malaysia; and

(iii) the plaintiff's trade mark is distinctive of the plaintiff's goods under s. 10 of the Trade Marks Act 1976 ('TMA').

[9] Consequent to the Registrar's dismissal of the defendant's opposition, the plaintiff's trade mark was registered with effect from 26 December 2003. On 6 January 2016, the registration of the plaintiff's trade mark was renewed for ten years up to 26 December 2023.

[10] The defendant filed an appeal against the decision of the Registrar on 22 October 2015, but made an application to discontinue the appeal. The defendant's appeal was struck out with costs of RM10,000 to the plaintiff.

[11] By December 2015 the Registrar had registered all five trade marks carrying the trade name "SRAM" for class 12 goods. Four of them were in the name of the defendant and one in the name of the plaintiff. The defendant had unsuccessfully opposed the registration of the plaintiff's mark. However the plaintiff did not oppose the registration of the defendant's marks.

[12] On 30 December 2015, the plaintiff filed an originating summons ('OS') under s. 45(1)(a) of TMA to expunge five trade marks ('defendant's five trade marks') registered in the Register of Trade Marks in the name of the defendant. The plaintiff's OS, among others, sought the following prayers:

(i) a declaration that the following defendant's five trade marks are entries made without sufficient cause, wrongfully made and/or wrongfully remaining in the Register:

  (a) stylish verbal mark "SRAM RIVAL" registered on 27 September 2005 with the registration no. 05016151 for goods in class 12;

  (b) stylish verbal mark "SRAM VIA" registered on 5 March 2009 with the registration no. 09003528 for goods in class 12;

  (c) stylish verbal mark "SRAM APEX" registered on 30 July 2009 with the registration no. 09012790 for goods in class 12;

  (d) verbal mark "SRAM RED" registered on 29 August 2007 with the registration no. 07017014 for goods in class 12; and

  (e) verbal mark "SRAM RED" registered on 29 August 2007 with the registration no. 07017014 for goods in class 25 (clothing).

(ii) an order that the Registrar rectifies the Register by expunging and removing from the Register the defendant's five trade marks and the whole of the entries relating to such registrations, within 14 days from the date of the filing of the order of this court with the Registrar.

A **Issues Before The High Court**

[13] The issues before the learned JC may be summarised as follows:

(i) Whether the plaintiff can file the current OS under s. 45(1)(a) of TMA to expunge the defendant's five trade marks when the plaintiff did not
B oppose the defendant's applications for registration of the defendant's five trade marks under s. 28(1) TMA and reg. 37(a) of the Trade Marks Regulations 1997 ('TMR')?

(ii) Whether a temporary cessation of the use of the plaintiff's trade mark due to the defendant's opposition to the plaintiff's application to register
C the plaintiff's trade mark, is a bar to this OS?

(iii) Whether the plaintiff is a "person aggrieved" by the defendant's five trade marks under s. 45(1)(a) TMA so as to entitle the plaintiff to file this OS?

D (iv) Whether the plaintiff or the defendant was the first user of the verbal mark "SRAM" in the course of trade in Malaysia (and thereby the common law proprietor of the "SRAM" trade mark). Can the court consider the use of the mark outside Malaysia which has been broadcasted to the Malaysian public?

E (v) Whether the plaintiff may expunge the defendant's five trade marks which have been registered for more than seven years?

Decision Of The High Court

[14] The learned JC had addressed the abovementioned issues raised before
F him and made the following findings.

Whether The Plaintiff Is Estopped From Filing This OS By The Plaintiff's Failure To Oppose Registration Of The Defendant's Trademarks?

[15] The learned JC found that the plaintiff's failure to oppose the defendant's applications does not estop or bar the plaintiff from filing this OS
G on the authorities of *Ho Tack Sien & Ors v. Rotta Research Laboratorium Spa & Anor, Registrar of Trade Marks (Intervener) & Another Appeal* [2015] 4 CLJ 20; *Special Effects Ltd v. L'Oreal SA* [2007] RPC 15; *Yong Teng Hing B/S Hong Kong Trading Co & Anor v. Walton International Ltd* [2012] 6 CLJ 337. In the learned JC's judgment at p. 17, the following was stated:

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> Based on *Ho Tack Sien*, the registration of a trade mark is not a defence to an expungement application under s. 45(1)(a) TMA when the trade mark has been wrongfully entered in the Register. Furthermore, even if a trade mark has been registered for more than 7 years, s. 37(a) to (c) TMA allow such a registration to be expunged from the Register.
I Accordingly, the plaintiff's failure to oppose the registration of the defendant's 5 trade marks under s. 28(1) TMA and reg. 37(a) TMR, cannot estop or bar the plaintiff from filing this OS.

Whether Temporary Cessation Of Use Of The Plaintiff's Trade Mark Would Estop Or Bar This OS?

[16] The learned JC had relied on the principle in the case of *Ad-Lib Club Ltd v. Granville* [1971] 2 All ER 300, that where a trader ceases to carry on his business, he may still retain the goodwill in connection to his business and may thus be able to enforce his rights in respect of any name which is attached to that goodwill. It is a question of fact and degree. The learned JC made the finding that there is no evidence that the plaintiff had abandoned the plaintiff's trade mark and thus made the finding that the plaintiff had retained residual goodwill and reputation in relation to the plaintiff's trade mark in relation to the plaintiff's goods.

Whether The Plaintiff Is A "Person Aggrieved" By The Defendant's Five Trade Marks Under s. 45(1)(a) TMA?

[17] The learned JC had relied on the authorities of the Federal Court cases of *Mc Laren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749, *Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party)* [2015] 9 CLJ 125; [2015] 6 MLJ 465 for the interpretation of "an aggrieved person" as a person who has "a genuine and present intention to use his mark as a trade mark in the course of a trade which is the same or similar to the trade of the owner of the registered trade mark that the person wants to have removed from the Register" - *Mc Laren*'s case (*supra*). In addition, the learned JC referred to *Mesuma*'s case (*supra*) for the proposition that, "the person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trade mark."

[18] The learned JC made the finding that the plaintiff was an "aggrieved person" on the premise that the plaintiff had clearly used the plaintiff's trade mark for the goods in class 12 in the course of the plaintiff's trade, which is similar to that of the defendants. In addition, the plaintiff has some element of legal interest, legal right and/or legitimate expectation in the plaintiff's trade mark for the plaintiff's goods in class 12 which is substantially and adversely affected by the presence of the defendant's first, second, third and fourth trade marks.

[19] In addition, the learned JC also made the finding that the plaintiff is an "aggrieved person" on the JC's determination that the plaintiff is the first user as well as the common law proprietor of the plaintiff's trade marks for the plaintiff's goods in class 12 in the course of trade in Malaysia.

[20] However, in respect of the defendant's fifth trade mark in respect of goods in class 25 (clothing) the learned JC made a finding that the plaintiff is not an "aggrieved person" under s. 45(1)(a) TMA on the grounds that the plaintiff has not used the plaintiff's trade mark for goods in class 25, and there

A is no evidence that the plaintiff has a genuine and present intention to use the plaintiff's trade mark for goods in class 25. There is also no likelihood of confusion as the goods in class 12 namely bicycles, bicycle parts and accessories do not share a similar nature and purpose as goods in class 25 (clothing). The goods in classes 12 and 25 are also not targeted at the same B customers, retailers and/or distributors.

The User

Whether The Plaintiff Or The Defendant Was The First User Of The Verbal Mark "SRAM" In The Course Of Trade In Malaysia (And Thereby The Common Law Proprietor Of The "SRAM" Trade Mark)?

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[21] The learned JC made the finding that it was the plaintiff who was the first user of the trade mark "SRAM" and also the common law proprietor of the abovementioned trade mark. The learned JC had premised his findings on the following grounds. In respect of the issue as to who is the common D law proprietor of a trade mark, while it is not disputed that the defendant is the creator of the trade mark "SRAM", the common law ownership to a trade mark requires the claimant to establish its entitlement, not by demonstrating it is the creator of the trade mark, but by reason of its use as a trade mark on goods in the course of its trade - see *Mesuma*'s case (*supra*). The position under common law is that a first user of a mark in the course E of trade is lawfully the common law proprietor of the mark.

[22] The word "used" in s. 25(1) TMA is construed by referring to s. 3(2)(b) TMA whereby the use of a mark in relation to goods "shall be construed" as references to the use of the mark in relation to goods in the F course of trade.

[23] In addition thereto, the mark in question should be used on or in relation to goods within the Malaysian territory. In support of the abovementioned proposition, the learned JC had referred to the following cases: *Yong Teng Hing, Mesuma Sports Sdn Bhd, Lim Yew Sing v. Hummel* G *International Sports & Leisure A/S & Meidi-Ya Co Ltd, Japan & Anor* [2008] 1 CLJ 46; [2008] 6 MLJ 433.

[24] Thus the learned JC found that the fact that the defendant's five trade marks have been registered as trade marks and have been used extensively in countries outside Malaysia is irrelevant.

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[25] According to the learned JC, as it was the plaintiff who had initiated the OS, the legal burden pursuant to ss. 101(1) and 102 of the Evidence Act 1950 is on the plaintiff to prove on a balance of probabilities that the plaintiff was the first user of the "SRAM" mark in the course of trade in Malaysia. The learned JC found that plaintiff had discharged his burden of proof on the I following evidence:

(i) the plaintiff's invoice dated 2 January 2002 bore the plaintiff's trade mark and constituted contemporaneous documentary evidence;

(ii) the plaintiff's application to register the trade mark was made on 26 December 2003, after the plaintiff had first used the plaintiff's trade mark in the course of trade in Malaysia on 2 January 2002;

(iii) the plaintiff's subsequent conduct also supports the finding that the plaintiff had indeed used the plaintiff's trade mark in the course of trade in Malaysia on 2 January 2002.

(iv) The fact that the plaintiff did not author, create or design the "SRAM" mark, does not mean that the plaintiff could not have first used the "SRAM" mark in the course of trade in Malaysia on 2 January 2002.

[26] The learned JC also found it noteworthy that the defendant did not counterclaim in this OS under O. 28 r. 7(1) of the Rules of Court 2012 for the expungement of the plaintiff's trade mark from the Register.

[27] The learned JC also made the finding that the defendant had failed to prove that the defendant was the first user of the "SRAM" mark in the course of trade in Malaysia based on the following evidence:

At para. [42] of the judgment it was stated as follows:

(i) the defendant's affidavits contained two different dates (1988 and 1999) as to when the defendant had first used the "SRAM" mark in the course of trade in Malaysia. Before the Registrar, the defendant claimed to have used the "SRAM" mark since 2000. Such material inconsistencies by the defendant on a crucial issue in this case, showed a lack of good faith and credibility on the part of the defendant.

(ii) there is no documentary evidence adduced by the defendant to show the use of the defendant's five trade marks on or in relation to the defendant's goods in the course of trade in Malaysia on or before 2 January 2002 (the plaintiff's first use of the plaintiff's trade mark in the course of trade in Malaysia). The defendant's invoice dated 12 January 1999 did not state or refer to the defendant's five trade marks.

(iii) there is no evidence that:

(a) the defendant's five trade marks had been used on or in relation to the defendant's goods in the course of trade in the three Olympic Games; and

(b) the use of the defendant's five trade marks on or in relation to the defendant's goods in the three Olympic Games, had been broadcasted to the Malaysian public.

[28] The learned JC also took the position, that even if there was evidence that the defendant's five trade marks had been used in relation to the defendant's goods in the three Olympic Games and such use had been broadcasted to the Malaysian public, such evidence is not material as what is required is the use of the defendant's five trade marks in relation to the

A defendant's goods in Malaysia, not abroad. In addition, even if there were broadcasts to the Malaysian public *via* television, broadcasting does not constitute "use" within the meaning of all the three limbs of s. 3(2) TMA.

Whether The Plaintiff May Expunge The Defendant's Five Trade Marks Which Have Been Registered For More Than Seven Years?

B

[29] The learned JC was of the view that in order to challenge the validity of the defendant's first to fourth trade marks which had been registered for more than seven years, the plaintiff has to discharge the legal burden to prove on a balance of probabilities that the defendant's first to fourth trade marks were not distinctive of the defendant's goods on 30 December 2016 (the date C of filing of the OS).

[30] In determining whether the trade marks are distinctive of the goods of the proprietor, the authority of *Lim Yew Sing* (*supra*) was referred to as follows:

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> What emerges from s. 12 is that, to be a trade mark, the mark has to be distinctive of the goods of the proprietor. That distinctiveness has to be gauged by the extent to which the trade mark is adapted to distinguish the goods with which its proprietor is connected in the course of trade, goods with which no connection subsists. For the purpose of establishing distinctiveness, therefore, one must look to the use of the mark in the E course of trade.

"Likely To Deceive Or Cause Confusion"

[31] In addition to addressing the five issues raised abovementioned, in the course of his judgment the learned JC had also considered a related issue of F whether the defendant's first to fourth trade marks offends s. 14(1)(a) of TMA in that they were "likely to deceive or cause confusion" to the public. The learned JC was of the view that the plaintiff bears the legal burden to prove on a balance of probabilities that the use of the defendant's first to fourth trade marks on the defendant's goods is "likely to deceive or cause confusion G to the public". In respect of the above, the learned JC had stated the following in para. [53] of his judgment:

> I make a finding of fact that the plaintiff had succeeded in proving on a balance of probabilities that the use of the defendant's 1st to 4th trade marks on the defendant's Goods is likely to deceive or confuse the public in respect of the defendant's 1st to 4th trade marks and the plaintiff's H trade mark. Such a finding is based on the following evidence and reasons:
>
> (1) Considering the nature, characteristics, composition, purpose and use of the plaintiff's Goods as explained by Romer J (as he then was) in the English HC case of *Ladislas Jellinek* [1946] 63 RPC 59, at 70, there is a similarity of description between the plaintiff's Goods and the defendant's Goods. In fact both the plaintiff's I Goods and the defendant's Goods are in the same Class 12.

(2) The customers, end users, consumers and purchasers (Customers) of the plaintiff's Goods and the defendant's Goods are the same.

(3) the nature of the trade channels of the plaintiff's Goods and the defendant's Goods is the same in the sense that the distributors, dealers and retailers (Traders) for the plaintiff's Goods and the defendant's Goods are the same.

(4) the plaintiff's trade mark and the defendant's 1st to 4th trade marks are used in the same manner upon or in relation to the plaintiff's Goods and the defendant's Goods.

(5) a visual inspection of the plaintiff's trade mark and the defendant's 1st to 4th trade mark reveal some differences. However, despite the differences, the plaintiff's trade mark and the defendant's 1st to 4th trade marks share a striking similarity, namely the word "SRAM" which is featured most prominently in the plaintiff's trade mark and the defendant's 1st to 4th trade mark.

(6) a phonetic comparison undertaken found that when the plaintiff's trade mark and the defendant's 1st to 4th trade marks are pronounced, the real likelihood of deception and/or confusion is clear. Both the plaintiff's and the defendant's trade marks sound alike, especially when the first word "SRAM" is pronounced.

(7) applying the "general recollection test", the defendant's 1st to 4th trade marks would be remembered as the plaintiff's trade mark by reasonable Customers and Traders with an average memory and an imperfect recollection of the trade marks' precise details.

(8) there is a similarity of ideas and concept between the plaintiff's trade mark and the defendant's 1st to 4th trade marks.

[32] The learned JC was satisfied that the plaintiff had discharged this burden as the defendant had not adduced any admissible, contemporaneous and credible documentary evidence as of 30 December 2015 in respect of the use of the defendant's first to fourth trade marks in the course of trade in Malaysia.

[33] The learned JC was of the view that once the plaintiff had proven that the grounds for the expungement of a trade mark had been made out pursuant to s. 37(b) or (c) of the TMA, the court has no discretion and it is mandatory for the court to remove the trade mark from the Register in accordance with s. 45(1)(a) of the TMA (see *Ho Tack Sien* (*supra*)).

[34] Premised on the above evidence and reasons, the learned JC allowed the plaintiff's OS under s. 45(1)(a) of TMA to expunge the defendant's five trade marks registered in the Register of Trade Marks in the name of the defendant only to the following extent:

(i) in respect of the first prayer, a declaration is granted that the defendant's first to fourth trade marks are entries made without sufficient cause, wrongfully made and/or wrongfully remaining in the Register; and

A (ii) as regards the second prayer, an order that the Registrar rectify the Register by expunging and removing from the Register the defendant's first to fourth trade marks and the whole of the entries relating to such registrations, within 14 days from the date of filing of the order of the court with the Registrar; and

B (iii) costs to the plaintiff subject to allocator fees.

Our Decision

[35] After careful consideration of the appeal records and the extensive oral and written submissions of learned counsels, we are of the considered view C that there are merits in this appeal that warrant appellate intervention. Our reasons for doing so are as follows.

[36] The primary issue raised in this appeal before us is whether the learned JC had erred in his decision to expunge the trade marks of the defendant and whether in doing so the learned JC had given due recognition D to the protection afforded by the TMA.

[37] From the outset, we wish to make it clear that we are in agreement with the finding of the learned JC that the plaintiff was "an aggrieved person" pursuant to s. 45(1)(a) TMA, in that the plaintiff satisfies the requirement of a person who has "a genuine and present intention to use his mark as a trade E mark - in the course of a trade which is the same or similar to the trade of the owner of the registered trade mark that the person wants to have removed from the Register" (see *Mc Laren*'s case (*supra*) and *Mesuma*'s case (*supra*).

[38] However, in our view, while the plaintiff has the necessary *locus* to F make this application, the plaintiff has not discharged the burden of proving that the plaintiff is the first user and common law proprietor of the trade marks in question. Neither has the plaintiff satisfied the requirements laid down in the relevant sections of the TMA to entitle him to expunge four of the defendant's five registered trade marks.

G *Origin Of Trademark "SRAM"*

[39] It is an undisputed fact that the trade mark "SRAM" was created by the defendant in the United States in 1987. It was created from the acronym of the three founders of the company: Scott, Ray and Sam. It is therefore a personalised trade name as opposed to a common generic term which could H belong to anyone, and to which no person could claim to have a proprietary right over. (*Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784; [1996] 3 MLJ 7).

[40] In contrast, there was no explanation from the plaintiff as to how they had arrived at the name "SRAM". The lack of a plausible explanation as to I the origins of the trade mark in issue was a relevant factor in the case of *Walton International Ltd v. Yong Teng Hing; Pendaftar Cap Dagangan, Malaysia (Interested Party)* [2010] 8 CLJ 802; [2011] 5 MLJ 397, in the Court of Appeal where Ramly Ali JCA (as he then was) had observed the following:

> The evidence indicates that the respondent did not independently devise the mark himself ... the respondent has failed to proffer any plausible explanation on his choice of mark which is identical to the appellant's mark.

[41] The Federal Court, in the same case (*Yong Teng Hing v. Walton International Ltd* [2012] 6 MLJ 209 had endorsed the above-quoted observation of the Court of Appeal as follows:

> We noted that the Court of Appeal in the present case had also made a crucial finding of fact that the appellant had not 'independently devised the mark himself'. The Court of Appeal held that the appellant had tried to obtain the benefit of the worldwide reputation of the respondent. In our view such a finding is not unreasonable bearing in mind that the appellant had failed to offer any plausible explanation on his choice of mark which is identical to the respondent's mark.

[42] A similar analogy to the above can be drawn on the facts of this case. The trade mark "SRAM" was created by its founders in the U.S. in 1987, derived from the acronym of the defendant's three founders: Scott, Ray and Sam. There was evidence adduced by the defendant that the trade mark "SRAM" had been featured in international sports events and had thus attained worldwide reputation. These international events include the Seoul Summer Olympic Games in 1988, the Atlanta Summer Olympic Games in 1996 and the Sydney Summer Olympic Games in 2000. The abovementioned Olympic Games were telecasted globally and broadcasted in Malaysia *via* local television channels like Radio Television Malaysia, Sistem Televisyen Malaysia Bhd and Astro. The plaintiff on the other hand, had no explanation for their choice of the identical trade mark "SRAM" which according to the plaintiff, they began to use in Malaysia in 1993. From the above facts, likewise it would not be an unreasonable view that the plaintiff had attempted to obtain the benefit of the defendant's worldwide reputation.

Non-Territorial Use

[43] We note that the learned JC had allowed the plaintiff's application to expunge four of the defendant's five registered trade marks primarily on the premise that the plaintiff had demonstrated the use of his goods with the similar trade mark "SRAM" in Malaysia in 2002. The finding of the learned JC was also that the absence of evidence of the defendant's use of the defendant's trade marks in Malaysia prior to 2002 also meant that it was the plaintiff who was the first user and the common law proprietor of the defendant's trade marks. The learned JC appears to have placed undue importance to use as domestic use ie, in Malaysia only.

[44] In this respect, we agree with learned defendant's counsel's submission that the learned JC had erred in law in his finding that the extensive use of the plaintiff's trade mark outside Malaysia was an irrelevant factor for consideration. This restrictive interpretation of 'use' as restricted

to domestic territory is not supported by authorities. Courts have recognised that reputation or goodwill can be acquired outside Malaysia. In the *Walton* case (*supra*), in the Court of Appeal, Ramly Ali JCA (as he then was) had observed as follows:

> If at the date of application for registration of the trade mark by the respondent, the trade mark although it has not been used in Malaysia, has become associated in the mind of the public with the appellant's goods, then the respondent cannot claim or appropriate proprietorship of the said trade mark. There are no artificial limits on geographical areas to which reputation or goodwill can or cannot extend. Thus, the appellant's reputation or goodwill in the 'GIODANO' trade mark outside Malaysia prior to the respondent's use of the said mark in 1992 reinforces and supplements the reputation and goodwill of the appellant's 'GIODANO MARK in Malaysia.
>
> Modern technology and communications have improved to such an extent that the public in Malaysia would be aware of foreign marks even though such marks had not been previously used in Malaysia. Confusion and deception have no borders in these days of information technology age.

[45] Thus, the learned JC had erred in not giving due weight to the widely used marks of the defendant in the international sports events as well as the fact that such events which featured the defendant's trade marks were broadcasted in Malaysia and thus the defendant's trade marks would have been publicised to the Malaysian public.

[46] In addition, in August 2001, the TMA was amended by the addition of s. 14(2) which gave recognition to well-known marks through the adoption of Article 6 Bis of the Paris Convention and Article 16 of TRIPS. The concept of well-known marks which is non-territorial in nature was recognised by the Federal Court in *Walton*'s case (*supra*) where Zulkefli Makinudin CJ (Malaya) had observed as follows:

> We would like to state here that after the *Hemmel*'s case there has been a shift in direction and approach towards the acceptance of the reputation of foreign trade marks which would bar the registration by a proprietor of a mark that is similar thereto. In this regard an amendment was made to s. 14 of the Act as of 1 August 2001 (Act A1078) by the introduction of the concept of well-known trade mark. Under this new provision of the Act, a foreign trade mark which is well known in Malaysia, shall be the basis for refusal of the registration of a similar mark by a different proprietor, notwithstanding that the foreign mark has not been used at all or registered in Malaysia.

[47] As a result of the amendment abovementioned, the concept of 'user' is no longer restricted territorially. The proprietor of a well-known mark need not carry on business or possess any goodwill within the local territory.

[48] Thus the learned JC had erred in his finding that the relevant usage of a trade mark is territorial, in that a trade mark must have been used locally ie, in Malaysia and thus, any evidence of the trade mark's origin or use internationally by the defendant is not a relevant consideration.

Protection To Registered Trademarks

[49] In our considered view, in order to entitle the plaintiff to expunge the defendant's trade marks, the plaintiff must also satisfy the requirements of ss. 36, 37, 14 and 45 of TMA. In this respect, we are of the view that while the learned JC had referred to the above-stated sections in his grounds of judgment, the learned JC had failed to give sufficient weight to the above stated sections which stipulate a measure of protection to registered trade marks.

[50] Details of the defendant's trade marks respectively registered are as follows:

(i) stylish verbal mark "SRAM RIVAL" **registered on 27 September 2005** with the registration no. 05016151 for goods in class 12;

(ii) stylish verbal mark "SRAM VIA" **registered on 5 March 2009** with the registration no. 09003528 for goods in class 12;

(iii) stylish verbal mark "SRAM APEX" **registered on 30 July 2009** with the registration no. 09012790 for goods in class 12;

(iv) verbal mark "SRAM RED" **registered on 29 August 2007** with the registration no. 07017014 for goods in class 12;

(emphasis added)

[51] From the dates of registration of the defendant's trade marks as stated above, it is not disputed that the plaintiff's action to expunge the defendant's trade marks was only commenced on 30 December 2016 (the date of filing of the OS), more than seven years after the registration of the defendant's trade marks. The long delay in instituting the OS to expunge the defendant's trade mark raises the issue of the *bona fides* of the plaintiff's application and presumptions of the validity of the plaintiff's trade mark under the TMA.

Validity Of Registration

[52] The registration of a trade mark is *prima facie* evidence of the validity of the original registration. This is provided by s. 36 of TMA as follows:

> 36. In all legal proceedings relating to a registered trade mark (including applications under section 45) the fact that a person is registered as proprietor of the trade mark shall be *prima facie* evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.

[53] In addition thereto, the learned JC had failed to take into account the protection afforded by s. 37 of TMA for trade marks which have been registered for more than seven years. Out of the four marks expunged, two of the defendant's trade marks (one and five) had been registered for at least seven years, which would therefore invoke the protection of s. 37 of TMA which provides as follows:

> Registration conclusive
>
> 37. In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown:
>
> (a) that the original registration was obtained by fraud;
>
> (b) that the trade mark offends against section 14; or
>
> (b) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor, except that this section shall not apply to a trade mark registered under the repealed Ordinances and incorporated in the Register pursuant to subsection 6(3) until after the expiration of three years from the commencement of this Act.

[54] We agree with the submissions of the defendant that s. 45 of TMA which expressly states "subject to the provisions of this Act", must be read subject to s. 37 TMA which affords protection to trade marks which have been registered for more than seven years, provided that either of the three limbs of s. 37 contained in paras. (a), (b), or (c) has been satisfied. From the particulars of the dates of registration of the defendant's trade marks, it was conceded by the plaintiff's counsel that two marks were registered more than seven years and thus enjoy the conclusiveness protection under s. 37. However, two other registered marks were registered less than seven years.

[55] On the facts of the instant case, the requirements of sub-s. (a) do not apply as the learned JC had made the correct finding that the original registration of the defendant's four trade marks was not obtained by fraud. There is no cross-appeal by the plaintiff on this finding.

Prohibition On Registration

[56] From the facts of the instant case, the issue is whether the trade mark offends against sub-ss. (a) and (d) and (e) of s. 14 of TMA.

[57] Section 14 TMA lays down the specific grounds on which a mark may be disqualified from registration as follows:

> Prohibition on registration
>
> 14. (1) A mark or part of a mark shall not be registered as a trade mark:
>
> (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;

(b) ...

(c) ...

(c) if it is identical with or so nearly resembles a mark which is well known in Malaysia for the same goods or services of another proprietor;

(e) if it is well known and registered in Malaysia for goods or services not the same as to those in respect of which registration is applied for provided that the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor of the well-known mark, and the interests of the proprietor of the well-known mark are likely to be damaged by such use.

"Likely To Deceive Or Cause Confusion"

[58] In the case of *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784; [1996] 3 MLJ 7, Mahadev Shankar JCA had laid down the requirements to be satisfied under s. 45 TMA before the registered trade marks can be expunged. His Lordship had stated at p. 808 (CLJ); p. 29 (MLJ) as follows:

> Wholly different considerations apply where an application is being made under s. 45 of our Act for the removal of the registration of an entry made conclusive by s. 37. Here, the respondent must prove that by reason of the similarity, there is a practical likelihood of confusion to the public and 'this he can only do for the purposes of the section (i.e. our s. 14) by proving **the existing use** by another ... which is likely to cause deception or confusion' (as per Upjohn LJ)
>
> (emphasis added)

[59] In *Hummel*'s case (*supra*) the Court of Appeal made a finding that the respondent had not shown any evidence of confusion or deception as required by s. 14 TMA. His Lordship Ramly Ali JCA had stated (at p. 806 (CLJ); p. 27 (MLJ)) as follows:

> In terms of hard evidence, the respondent's counsel had nothing to show that the respondent's products with the HUMMEL (D) mark was actually being traded in the Malaysian market, or that the respondent had publicised its HUMMEL (D) mark in the Malaysian market by advertisements or other material so as to induce the Malaysian public to believe that its products were on sale here.

[60] In the instant case, the learned JC had determined that the goods of the defendant were similar to the plaintiff on a visual inspection of the common trade mark "SRAM", the similarity in terms of the description and phonetics as well as users and suppliers of the goods, to prove that the use of respondent's goods in the Malaysian market would cause confusion to the Malaysian market. There was however, no evidence of the use of the plaintiff's goods at the material time or any evidence that such use had that caused confusion to a significant number of the Malaysian market.

Material Date

[61] In our view, the learned JC had placed undue importance on two factors: (i) the plaintiff's invoice dated 2 January 2002 which bore the plaintiff's trade mark, which according to the learned JC constituted contemporaneous documentary evidence usage of the plaintiff's goods in the Malaysian market; (ii) the plaintiff's application to register the trade mark which was made on 2 January 2002 after the plaintiff had first used the plaintiff's trade mark in the course of trade in Malaysia on 2 January 2002. However, in support of the plaintiff's s. 45 application for expungement, the plaintiff had not tendered any evidence of the use of the plaintiff's trade mark from 2007 to 2016, to prove confusion and deception under s. 14 of TMA.

[62] The material date for the purpose of s. 14 TMA is the date of the original registration of the defendant's trade marks, which is not disputed to be from 2005 to 2009. In the case of *Industria De Diseno Textil, SA v. Edition Concept Sdn Bhd* [2005] 2 CLJ 357; [2005] 3 MLJ 347, one of the issues raised before the High Court was what is the correct date to be looked at in order to determine the issue of confusion and deception for purposes of s. 14(1)(a) of TMA? Ramly Ali J (as His Lordship then was) answered the above question in the following terms:

> Section 14(1)(d) prohibits registration of a trade mark if it is identical with or so nearly resembles a mark which is well known in Malaysia for the same goods or services of another proprietor. Again, the court is of the view that the time or date for consideration when and whether the defendant's trade is well known as to bar the registration of the plaintiff's trade mark under s. 45(1)(a) reads together s. 14(1)(d) for being wrongly entered is at the date of the original registration ... following the decision in *Romuk Ltd v. Sin Thye Hin & Co.* [1962] MLJ 383 and a logical interpretation of s. 45(1)(a) read together with s. 14(1)(d).

[63] Thus, from the facts of this case, the learned JC had erred in his acceptance of 'contemporaneous evidence' in the form of the plaintiff's invoice dated 2 January 2002 and the plaintiff's registration of its trade mark in 2 January 2002, when the material date as required by ss. 45 and 14 of TMA and supported by authorities like *Hummel*'s case (*supra*) is the date of the original registration of the defendant's trade marks which range from 2005 to 2009.

[64] There were no evidence of the plaintiff's goods in the Malaysian market at the material time *viz.* during the period of the registration of the defendant's trade marks from 2005 to 2009. Thus there were no evidence of the use of the plaintiff's goods and the plaintiff's trade mark in respect of the goods of the plaintiff on the market in order to determine whether such goods were identical to or closely resembled the trade marks of the defendant which would forbid the registration of the plaintiff's trade mark in the said goods.

[65] It is noteworthy too that while the plaintiff had registered a similar "SRAM" trade mark in 2002, which precedes the defendant's registration abovementioned, the plaintiff had made no opposition to the defendant's registration of the first to the fourth of the defendant's trade marks abovementioned pursuant to s. 28(1) of TMA and reg. 37(a) TMR. It was only on 30 December 2015, after a delay of more than eight years that the plaintiff initiated a s. 45 application to expunge the defendant's five trade marks. The learned JC considered the issue of the non-opposition only in the context of raising an estoppel to bar the plaintiff from commencing the OS and determined that the plaintiff was not estopped.

Cessation Of Use Of Trade Mark

[66] From the undisputed facts of this case, the date of the original registration of the defendant's trade marks and details of the defendant's respective trade marks registered are as stated above more than seven years from the plaintiff's OS to expunge the defendant's trade marks. Thus it appears that during the duration of more than eight years the plaintiff had ceased to use the trade mark in Malaysia. In this respect, there was an admission by the plaintiff that from 2007 to 2015 the plaintiff had ceased using his trade mark, in view of the defendant's opposition, which according to the learned JC's judgment was done "in abundance of caution and for commercial reasons".

[67] The learned JC had attempted to gloss over the cessation of the plaintiff's use of the plaintiff's trade mark for more than seven years by finding that the plaintiff had in the interval retained a measure of "residual goodwill" and had therefore not abandoned the plaintiff's trade mark. The learned JC had referred to the case of *Ad-Lib Club Ltd v. Granville* [1971] 2 All ER 300 in support of his finding. However, *Ad-Lib*'s case was decided on the specific facts of the case where the plaintiff company no longer carried out the business of the club for five years but on the evidence adduced continued to be regarded as still possessing goodwill as the plaintiff had taken measures to preserve the goodwill to its trading name. Pennycuik VC in his judgment had stated as follows:

> ... It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having goodwill in that business or in any name attached to it which he is entitled to have protected by law.

[68] Thus, on the authority of *Ad-Lib*, it would appear that the issue of whether or not the plaintiff retains residual goodwill is to be determined on the facts and evidence before the court. In the instant case, the cessation of

A the plaintiff's use of the trade mark is more than seven years. There is also no evidence before the court that the plaintiff had taken any steps to preserve its goodwill during the seven years stated.

[69] For all the reasons above-stated, we are of the view that the learned JC had erred in law and in his findings that the plaintiff was the first user and common law proprietor of the trade marks and in addition thereto had satisfied the requirements of the relevant sections of TMA to justify expunging the defendant's trade marks. In the premises, we allow this appeal with costs subject to allocator and set aside the decision of the High Court.

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